

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 878 - HB 1165**

March 9, 2015

**SUMMARY OF BILL:** Creates a higher education investment pool to be administered by the State Treasurer. Authorizes higher education foundations to participate in the investment pool. Foundations that wish to participate may submit a request to the State Treasurer to have some or all of its funding invested in the investment pool. Participants may request to be removed from the investment pool; however, redemption of pool shares does not guarantee that a participant will receive the entire amount of the principal investment, investment income, or both. Sets forth the rules and procedures that the investment pool shall follow relative to pool management. Requires the State Treasurer to establish a revolving account to defray administrative costs of the investment pool. Authorizes the Treasurer to deduct a reasonable administrative fee from each pool participant's pro-rata earnings through an agreement with each participating foundation.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – To the extent that higher education foundations choose to participate in the higher education foundation investment pool, state funding will transfer from a higher education foundation to the investment pool. The State Treasurer will receive additional revenue from any administrative fees collected. The extent of any initial transfers, the increase in fee revenue to the State Treasurer, and the extent of any earnings on the investments made in the pool cannot be reasonably quantified and is based on multiple unknown factors.**

Assumption:

- The amount of funds that will shift from higher education foundations to the investment pool and the amount of any administrative fees collected by the State Treasurer will be dependent upon multiple unknown factors, including but not limited to, the number of higher education foundations that choose to participate; the amount of funds contained within participating foundations; and each foundation participation agreement.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

**SB 878 - HB 1165**

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly legible.

Jeffrey L. Spalding, Executive Director

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